

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1466 – HB 1573

April 21, 2009

SUMMARY OF AMENDMENT (006858): Requires longevity pay to be issued either by a separate check or by Automated Clearing House (ACH) transaction unless the employee elects not to receive a separate longevity payment.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$25,400/One-Time
\$12,000/Recurring

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures - \$25,400/One-Time
\$6,600/Recurring**

Assumptions applied to amendment:

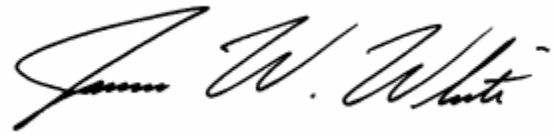
- With the Edison system, it is no longer state practice to issue paper checks or paper check stubs to the vast majority of state employees. A handful of state employees still receive paper checks.
- According to the Department of Finance and Administration, there are currently 36,000 longevity payments made annually.
- Thirty percent (10,800) elect to not receive a separate check for longevity benefits ($36,000 \times .30 = 10,800$). Seventy percent (25,200) of qualifying state employees will receive a separate payment for their longevity payment.
- Fifty percent (12,600) of the 25,200 qualifying state employees will elect to have their longevity payment made by Automated Clearing House transaction.
- One-time increase in state expenditures for modification to Edison system is estimated at \$7,245.
- One-time increase in state expenditures for the Office for Information Resources (OIR) which include system configuration, development,

testing, and printing are estimated at \$18,181 (\$5,000 programming and printing + \$13,181 configuration, development, testing).

- Recurring increase in state expenditures for envelopes and postage to mail 12,600 longevity payments is estimated at \$6,605 [\$1,313 envelopes, \$4,158 postage (12,600 x \$.33), \$1,134 Postal Services charge (\$.09 x 12,600 items)].

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

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